

# National Taxpayer Survey: Opinion on Direct File vs. Alternatives



David Binder Research

Conducted March 13 to April 21, 2024

## Summary

David Binder Research conducted a survey of 4,261 adults nationwide who filed a tax return this year. This includes 440 taxpayers who used Direct File, the new federal service that allowed eligible taxpayers in 12 pilot states to prepare and file their tax return for free online this year. Survey respondents were asked about their experience filing taxes.

Overall, those using Direct File in the pilot states report very high satisfaction with the service and very high likelihood to recommend it to others. Compared to those using alternatives, Direct Filers are much more likely to say tax filing this year was more straightforward than last year and that their costs and time spent filing were reduced.

## Key Findings

### 1. An overwhelming majority of users would recommend Direct File.

Direct File users were asked, on a 1 to 10 scale, how likely they are to recommend IRS Direct File. (Arizona and New York filers were also asked about FileYourStateTaxes.)

Eighty-two percent of Direct Filers give at least an 8 out of 10 likelihood to recommend. Ninety-one percent say at least 7 out of 10.

### 2. Three in four Direct Filers prefer it over alternatives.

Respondents were asked to compare their tax-filing experience this year to their experience last year, when Direct File was not available and they had to file taxes by using a professional tax preparer, paid or free software, or by doing taxes themselves.

Seventy-four percent of Direct Filers say they prefer it over their experience last year. Only 6% prefer to use a different filing method.

The preference for Direct File is strong across age, race, and partisanship, with at least 7 in 10 preferring Direct File among filers who are white, people of color, under or over age 45, and Biden or Trump voters.

Preference among Direct Filers

	Prefer Direct File over Alternatives
<b>Total</b>	<b>74%</b>
White	78
People of color	72
Under 45	70
Age 45+	79
Voted Biden	73
Voted Trump	80

*\*small sample size*

### **3. Solid majorities of Direct Filers say their filing experience was more straightforward this year and that they were more satisfied.**

Asked to compare this year's filing experience with last year when Direct File was not available, 61% of Direct Filers say their experience this year was more straightforward, including nearly a third saying it was much more straightforward.

About as many (58%) say they were more satisfied with their overall tax-filing experience this year, including 1 in 3 saying they were much more satisfied.

In contrast, among those using another method such as a professional tax preparer or paid software to file their taxes this year, only 25% said their experience was more straightforward (11% much more) while 73% said it was as complicated or more so than the year before. Just 24% said they were more satisfied (10% much more).

### **4. Direct Filers are far more likely than others to report lower costs.**

Asked if it was more or less expensive to file their taxes this year, 44% of Direct Filers say it was less expensive, and 38% say costs were the same.

For those using other methods, only 10% say filing was less expensive this year, while 1 in 3 say it was more expensive.

### **5. Direct Filers are far more likely than others to report a faster experience, with most filing in less than an hour.**

Among Direct Filers, 36% say it took them less time to do their taxes this year than last year, and 35% say it took the same amount of time. Sixty percent report that it took them less than an hour, including 15% who completed their taxes in less than 30 minutes.

Among those not using Direct File, 83% said it took the same or more time as the year before and just 13% report taking less time this year.

## **Survey Methodology**

David Binder Research conducted a survey of 4,261 adults nationwide who filed a tax return this year. This includes 440 taxpayers who used Direct File and 3,821 who did not. Interviews were conducted from March 13 through April 21, 2024.

The aim of this survey was to better understand the experiences and opinions of those using Direct File shortly after its launch. Because this group is relatively small among taxpayers and difficult to identify, a combination of nonprobability methods was used to extend the reach of this survey. This includes 3,958 interviews from online panels and 303 interviews from convenience samples of nonprofit membership organizations. The full sample was weighted to adult population benchmarks from U.S. Census data to be demographically aligned with the U.S. adult population. While margin of error cannot be calculated for a nonprobability sample, margin of error for an equivalent probability sample is  $\pm 1.5\%$  for the 3,821 who did not use Direct File and  $\pm 4.7\%$  for the 440 who used Direct File.

## FINAL RESULTS: Direct File Tax Survey



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### Sample Size:

- **Direct File:** n=440
- **Control:** n=3821

**Margin of Error (Control):** ±1.5%

**Margin of Error (Direct File):** ±4.7%

**Interview:** March 13<sup>th</sup> – April 21<sup>st</sup>, 2024

**Respondents:** Adults in AZ, CA, FL, MA, NY, NH, NV, SD, TN, TX, WA, WY who have filed their 2023 tax returns.

### Methodology: Conducted online with two methodologies

1. Conducted via online panel
2. Supplemented with partners outreach

*Results may not add to 100 due to rounding.*

## SECTION 1. INTRO AND SCREENING

1. In which state do you currently live?

	Direct File (n=440)	Control (n=3821)
Arizona	8	5
California	26	27
Florida	15	16
Massachusetts	2	5
Nevada	2	2
New Hampshire	1	1
New York	10	14
South Dakota	1	1
Tennessee	4	5
Texas	28	19
Washington	3	5
Wyoming	<1	<1

2. As you may know, the deadline for filing 2023 tax returns is on April 15.

Not everyone has to file tax returns, and many people have not had a chance to do so yet.

How about you – have you prepared and filed a tax return for yourself or your household this year?

	<b>Direct File</b>	<b>Control</b>
Yes, I prepared my taxes myself using software or a website	100	53
Yes, I prepared my taxes myself on paper	0	6
No, someone else prepared taxes for me - either a friend or family member, or tax preparer	0	41
No, I haven't filed taxes this year	0	0
Prefer not to say	0	0

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**SECTION 2. 2023 RETURNS EXPERIENCE: DIRECT FILE**

3. **IF YES, USED SOFTWARE/WEBSITE:** Which of the following best describes the software or website you used to file your taxes this year?

	Direct File (n=440)	Control (n=2015)
I used paid tax preparation software like TurboTax or TaxSlayer	0	83
I used the IRS’s new free Direct File website	100	0
I used a free tax preparation software other than the IRS’s new Direct File website	0	16
I did not use software to file my taxes	0	1
Don’t know	0	0
Prefer not to say	0	0

4. **IF YES, USED DIRECT FILE:** The login page for the new IRS Direct File website looks like the following. Just to confirm, did you use the IRS’s Direct File website to file your taxes this year?



Yes **Direct File  
(n=440)**  
100

5. **IF YES, USED DIRECT FILE:** How would you describe your experience filing your taxes with IRS Direct File? (n=440)

*PROVIDED SEPARATELY*

6. **IF (AZ, NY) AND USED DIRECT FILE.** On a scale of 1-10, how likely are you to recommend IRS Direct File and FileYourStateTaxes to a friend or family member?
7. **IF (CA, FL, MA, NH, NV, SD, TN, TX, WA, WY) AND USED DIRECT FILE.** On a scale of 1-10, how likely are you to recommend IRS Direct File to a friend or family member?

	<b>Direct File (n=440)</b>
1 (Not likely at all)	<1
2	1
3	1
4	<1
5	3
6	3
7	9
8	17
9	17
10 (Incredibly likely)	48
Don't know	1

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## SECTION 3. 2023 RETURNS EXPERIENCE

8. Please rate your overall satisfaction with the method that you used to file your taxes this year, regardless of whether you got a refund or had to pay taxes.

	Direct File	Control
Very satisfied	62	59
Somewhat satisfied	26	30
Neutral	9	8
Somewhat dissatisfied	2	2
Very dissatisfied	<1	1
Don't know	0	<1
<b>TOTAL SATISFIED</b>	<b>88</b>	<b>89</b>
<b>TOTAL DISSATISFIED</b>	<b>3</b>	<b>3</b>

Now you're going to see a list of problems that people sometimes have when filing their taxes.

For each one, indicate whether it was a major problem, a minor problem, or not a problem at all for you personally when you filed your taxes this year?

RANDOMIZE.			Major Problem	Minor Problem	Not a Problem	Don't know
9.	The method I used costs too much	Direct File	8	15	77	<1
		Control	12	29	57	2
10.	The software or website I used was too complicated to use	Direct File	6	17	77	1
		Control	7	14	72	7
11.	I couldn't file state and federal taxes together	Direct File	8	18	71	3
		Control	6	10	79	4
12.	The process took too much time	Direct File	10	21	68	1
		Control	8	24	66	2
13.	My return was not accurate	Direct File	6	10	76	8
		Control	8	11	75	6

14. **IF AZ, CA, MA, NY:** Roughly how long did it take you to file your taxes – including your federal return and state return if you had one?

15. **IF FL, NH, NV, SD, TN, TX, WA, WY:** Roughly how long did it take you to file your taxes?

	<b>Direct File</b>	<b>Control</b>
Less than 30 minutes	15	12
Between 30 minutes and an hour	44	33
Between 1 and 2 hours	30	29
2 hours or more	9	18
Don't know	1	9
<b>TOTAL: Less than 1 hour</b>	<b>60</b>	<b>45</b>
<b>TOTAL: One hour or more</b>	<b>39</b>	<b>47</b>

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## SECTION 4. 2022 RETURNS EXPERIENCE

The next few questions refer to the taxes that you filed LAST year.

16. Thinking back to one year ago, which of the following best describes how you filed your tax returns last year?

	Direct File	Control
I used a free tax preparation service (like a local community organization)	7	5
A friend or family member prepared my taxes for me	4	10
I did my own taxes online using free tax preparation software	41	17
I did my own taxes online using paid tax preparation software	25	31
I paid someone to prepare my tax return	14	33
I did not file taxes last year	8	2
Don't know	<1	1
Prefer not to say	1	1

17. Compared to last year, did it take you more time, less time, or the same amount of time to do your taxes this year?

	Direct File	Control
Much more time this year	8	8
Somewhat more time this year	16	15
The same amount of time	35	60
Somewhat less time this year	22	9
Much less time this year	14	4
Don't know	6	5
<b>TOTAL MORE TIME</b>	<b>24</b>	<b>22</b>
<b>TOTAL LESS TIME</b>	<b>36</b>	<b>13</b>

18. Compared to last year, were you more satisfied or less satisfied with your overall tax-filing experience this year, or was it the same?

	Direct File	Control
Much more satisfied this year	33	10
Somewhat more satisfied this year	26	14
The same	32	63
Somewhat less satisfied this year	4	8
Much less satisfied this year	2	4
Don't know	3	2
<b>TOTAL MORE SATISFIED</b>	<b>58</b>	<b>24</b>
<b>TOTAL LESS SATISFIED</b>	<b>6</b>	<b>11</b>

19. Compared to last year – and separate from any taxes paid – was it more expensive or less expensive to file your taxes, or did it cost the same to do your taxes this year?

	Direct File	Control
Much more expensive this year	4	8
Somewhat more expensive this year	8	24
Cost the same	38	54
Somewhat less expensive this year	14	6
Much less expensive this year	30	5
Don't know	5	3
<b>TOTAL MORE EXPENSIVE</b>	<b>13</b>	<b>33</b>
<b>TOTAL LESS EXPENSIVE</b>	<b>44</b>	<b>10</b>

20. And separate from any taxes paid, roughly how much did you pay to file your taxes LAST year?

	Direct File	Control
\$0	35	18
\$1 to \$49	20	15
\$50 - \$149	18	29
\$150 to \$299	16	19
\$300 or more	6	14
Don't know	3	4
Prefer not to say	2	2

21. Thinking about how you filed your taxes this year compared to last year, was filing your taxes this year more straightforward, more complicated, or the same?

	Direct File	Control
Much more straightforward this year	29	11
Somewhat more straightforward this year	31	14
The same	28	60
Somewhat more complicated this year	8	11
Much more complicated this year	1	2
Don't know	2	2
<b>TOTAL MORE STRAIGHTFORWARD</b>	<b>61</b>	<b>25</b>
<b>TOTAL MORE COMPLICATED</b>	<b>9</b>	<b>13</b>

22. **IF USED DIRECT FILE:** Let's compare your experience between this year's tax filing experience with Direct File and your prior year tax filing experience.

Which of the following best describes your preference?

	Direct File (n=440)
I prefer to use Direct File	74
I prefer to use a different filing method	6
I do not have a preference between Direct File and other tax filing methods	18
Don't know	2